



# Arizona State Retirement System

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## ASRS News

### Report on state pension funds

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A private public policy advocacy organization recently released a report on public pension plans that rated Arizona, as a whole, low in one area and very high in another area that it studied.

The report, conducted by the Pew Center on the States, analyzed the fiscal status of public pension and health insurance plans. It categorized Arizona as follows:

Pension Funds: "serious concerns".

Retiree Health Insurance: "solid performer".

Specifically, it noted in the two categories the following:

#### PENSIONS

Arizona, as a whole, along with 31 other states, was put in the category of 'serious concerns' for funding of pension plans. Most states were placed in this category because their funded status was below 80%, and because their unfunded liabilities are greater than their state government payrolls. Arizona's overall funded status is noted as 75% in the report; the ASRS funded status for the period studied was 76.4%.

*If ASRS was measured separately – that is, if other Arizona-based public pension funds were excluded – the ASRS would be categorized as "needs improvement" rather than "serious concerns". This better categorization would result from the lower liability ratio of the ASRS.*

Of note:

- There were 19 states with a funded status greater than the ASRS funded status of 76%.
- There were 30 states with a funded status less than the ASRS funded status of 76%.

Arizona is one of 19 states that fully fund its required pension contributions. A portion of the ASRS contributions are applied to the unfunded liability, which is expected to improve the funded status, gradually rising to 80% and continuing toward a fully-funded status.

#### RETIREE HEALTH INSURANCE BENEFITS

In the area of retiree health care benefits, the Pew report singled out Arizona, as a whole, as having the highest funding level at 69% (the ASRS funded level was 84.2%) of any state, and labeled Arizona and nine other states as 'solid performers' (the highest designation). It also noted that Arizona is the only state that is funding its retiree health benefit at 100% of the needed contribution rate.

Of note:

- Arizona, as a whole, had the highest funded status of any state for retiree health benefit plans at 69%, while the ASRS was higher at 84%.
- Arizona was the only state that paid 100% of its required contributions for retiree health benefit plans.
- Arizona was one of 10 states labeled a 'solid performer' in managing its retiree health benefit plan.